File No. 197

Substitute House Bill No. 5236

House of Representatives, March 30, 1998. The Committee on Planning and Development reported through REP. DAVIS, 50th DIST., Chairman of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING LIMITS FOR MODERATE RENTAL HOUSING.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. Section 8-72a of the general statutes is repealed and the following is substituted in lieu thereof:

(a) THE MAXIMUM INCOME LIMITS UNDER SECTION 8-72 SHALL BE EIGHTY PER CENT OF THE AREA MEDIAN INCOME ADJUSTED FOR FAMILY SIZE.

(b) NOTWITHSTANDING THE PROVISION OF SUBSECTION (a) OF THIS SECTION, EACH DEVELOPER OR HOUSING AUTHORITY MAY PROPOSE DIFFERENT MAXIMUM INCOME LIMITS. In fixing EXCEPTIONS TO maximum income limits under section 8-72, the Commissioner of Economic and Community Development shall take into consideration (1) the latest average wage as computed by the Labor Commissioner for the city or town served by the authority, (2) the number of vacancies in the projects under the authority's control, (3) the number of applications for admission to tenancy or for continued occupancy which are refused because of income disqualification and (4) the latest area median income, as determined by the United States Department of Housing and Urban Development.

Sec. 2. (NEW) Notwithstanding any other statute to the contrary, the Department of Administrative Services may administer a master property and casualty insurance program for state funded and federally funded housing units operating under the jurisdiction of local housing authorities. The department may charge the housing authorities a reasonable fee to provide for the administrative costs of the program.

Sec. 3. This act shall take effect July 1, 1998.

HSG COMMITTEE VOTE: YEA 10 NAY 0 JFS C/R PD

PD COMMITTEE VOTE: YEA 19 NAY 0 JF

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"THE FOLLOWING FISCAL IMPACT STATEMENT AND BILL ANALYSIS ARE PREPARED FOR THE BENEFIT OF MEMBERS OF THE GENERAL ASSEMBLY, SOLELY FOR PURPOSES OF INFORMATION, SUMMARIZATION AND EXPLANATION AND DO NOT REPRESENT THE INTENT OF THE GENERAL ASSEMBLY OR EITHER HOUSE THEREOF FOR ANY PURPOSE."

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FISCAL IMPACT STATEMENT - BILL NUMBER sHB 5236

STATE IMPACT	No Net Cost, see explanation below
MUNICIPAL IMPACT	Cost (Housing Authorities), see explanation below
STATE AGENCY(S)	Department of Administrative Services

EXPLANATION OF ESTIMATES:

STATE IMPACT: The passage of this bill would result in no net fiscal impact to the Department of Administrative Services (DAS). The bill would statutorily authorize DAS to administer a master property and casualty insurance program for state and federally funded housing units operating under the jurisdiction of local housing authorities. DAS would be allowed to charge a reasonable fee to cover its administrative costs.

DAS has been administering this insurance program for state funded housing units since July 1, 1997, per a memorandum of understanding with DECD. Under this agreement, DECD provided 2 employees and $253,000 to DAS to administer the program for FY '98 and FY '99. DAS indicates that its administrative costs are about $1.10 per unit per month. There are about 15,000 state-funded moderate rental housing units. The actual insurance costs are about $30 per unit per month. On July 1, 1999, DAS would begin charging the local housing authorities for their administrative costs. The inclusion of federally funded housing units (there are about 20,000 of these) would reduce the per unit administrative costs to less than $1.00 per unit per month.

Housing Authorities

Since the Housing Authorities would have to pay for administrative expenses, additional costs would result. The extent of the additional costs would vary by municipality, as it is contingent upon the number of federal and state moderate rental units that are located in each municipality.

In addition, as the debts and liabilities of a Housing Authority are not those of the municipality, the passage of this bill is not expected to have a direct fiscal impact on the municipality within which the housing authority is located.

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OLR BILL ANALYSIS

sHB 5236

AN ACT CONCERNING LIMITS FOR MODERATE RENTAL HOUSING

SUMMARY: The law allows the Department of Economic and Community Development commissioner to set maximum income limits for tenants of moderate rental housing. If he sets the limits, this bill requires him to set a maximum limit of 80% of the area median income adjusted for family size. Under current law, he must set the limit by taking into consideration criteria about wages, income, and vacancies. The bill allows developers of moderate rental housing or housing authorities to propose a different maximum income limit for their rental units. In fixing these exceptions, the bill requires the commissioner to take into consideration the criteria current law requires him to consider in setting maximum income limits. The criteria are (1) the latest average wage computed by the labor commissioner for the applicable town, (2) the number of vacant units in the authority's projects, (3) the number of applications for admission or continued occupancy refused because of income, and (4) the latest area median income determined by the United States Department of Housing and Urban Development.

The bill authorizes the Department of Administrative

Services to (1) administer a master property and casualty insurance program for state and federally funded housing units operated by local housing authorities and (2) charge the authorities a reasonable administration fee.

EFFECTIVE DATE: July 1, 1998

COMMITTEE ACTION

Select Committee on Housing

Joint Favorable Substitute Change of Reference
Yea 10 Nay 0

Planning and Development Committee

Joint Favorable Report
Yea 19 Nay 0